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CENTRAL INTELLIGENCE AGENCY

Memorandum

THE NEW PHASE OF SOVIET POLICY

9 August 1963

DIRECTORATE OF INTELLIGENCE

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MEMORANDUM:

SUMMARY

Khrushchev's decision to sign a limited test ban involves several considerations. He wants to create a relaxation of tensions which would correspond to his projected reallocation of resources toward the civilian sector of the economy. He is able to use the agreement in the increasingly bitter maneuverings of the Sino-Soviet conflict. And he hopes it can be developed to bring about a new atmosphere in East-West relations which will provide fresh opportunities for forward movement in Europe, particularly Germany.

In our view, important Soviet concessions to the West are unlikely. But we believe that Khrushchev's economic policies, and his decision to meet Peiping head-on, give him a vested interest in perpetuating for some time the impression that a new era in East-West relations has begun. Thus, we think that the USSR intends to sustain an atmosphere of relaxed tensions for some time, even in the absence of tangible agreements.

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THE NEW PHASE OF SOVIET POLICY

1. After a long period of immobility and probable internal contention following on the Cuban missile crisis, the Soviets have now embarked on a new and active line of policy. As the Chinese Communists have pointed out with great relish, Khrushchev has executed a "180-degree about-face" in accepting a partial ban on nuclear testing.

2. As with any major turn, the present switch probably involves a number of considerations, all of which point in the Soviet mind to the desirability of a period of reduced tensions in East-West relations. The main factors probably are Soviet internal economic problems, the sharpening conflict with China, and the opportunities presented by current divisions within the NATO alliance.

Internal Problems

3. Present evidence suggests that an important reason for Khrushchev's acceptance of a limited test ban is the desire to ease the military burden on the Soviet economy so that more resources can be devoted to urgent civilian programs. He has made repeated attempts to press this course upon his colleagues for about four years. During this same period, the economic case for some moderation of military and space spending has steadily gained weight; the rate of growth of GNP has slowed down, investment increases have become smaller and smaller, agriculture has remained virtually stagnant, and manifestations of consumer discontent have increased. Military and space programs, with their heavy demands on first-quality resources and on the machinery and equipment industry, have been the most important single cause of these problems. Furthermore, Soviet increases in military and space expenditures have thus far tended to spur US military and space programs and thus to increase the prospective future burden for the USSR.

4. Nevertheless, last winter it appeared that the USSR might respond to the Cuban missile crisis with a reaffirmation and perhaps even a strengthening of the primacy of defense over other economic sectors. Khrushchev spoke of the need constantly to replace advanced weapons systems and warned that increases in consumption would have to be limited by defense needs.

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Beginning in the spring, however, Soviet officials began to make statements which suggested that important new economic decisions were being taken. By early June--before the President's American University speech of the tenth and the receipt of the Chinese letter of the fourteenth--Khrushchev laid down guidelines for revising the 1964-65 economic plan.

5. These instructions and his subsequent elaborations point to a major shift of resources into the chemical industry, and specifically into those components--fertilizer and synthetics--which work for agriculture and the consumer. Present indications are that the USSR intends to invest on the order of 15 billion rubles in this effort during the next five to six years.

6. New investment in technically advanced industries, particularly the chemical industry, will require the same kinds of scarce resources as those needed by advanced military programs. The effort now projected is so large as to point strongly toward a decision not to increase military and space spending at the high rate of recent years. We cannot determine, however, how much the growth of military and space expenditures will be checked, or whether the Soviets contemplate actual reductions. Khrushchev may have decided, for example, to resume the cutting of conventional forces, to abstain from competing with the US in a manned lunar landing race, or to set force goals for advanced weapon programs lower than those previously contemplated. Such decisions would presumably hinge on an easing of coldwar tensions which would reduce risks to a minimum and hopefully result also in a slowing down of Western military programs. And on the internal scene, Khrushchev wishes to be able to point to an improved international atmosphere in order to forestall objections that his shift of resources endangers Soviet security.

The Conflict With Peiping

7. Whatever his internal concerns, Khrushchev could not have decided for a test ban without assessing the consequences for the dispute with China. Since the Soviets knew that an all-out Chinese attack on a test-ban pact was inevitable, the decision to sign the agreement was at the same time a decision to force the issue with China and thereby to assert in

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the strongest terms their intention to determine Communist policy. Furthermore, a nuclear test ban is excellently suited to the polemics over nuclear war which the Soviets have chosen as their strongest ground. Thus the Soviets not only gain something they can represent as a tangible success for the general political line attacked by China, but they force the Chinese to appear truculent and irresponsible in the sight of those underdeveloped countries and foreign Communists which are the objects of Sino-Soviet rivalry.

8. Aside from these considerations, the Soviet agreement to a partial test ban is one more proof that Moscow assesses Sino-Soviet relations as entirely beyond repair unless and until Peiping makes a fundamental reversal of its course. This does not mean, however, that Khrushchev will acknowledge any common interest with the West against China, lest this be taken as a sign of weakness which would embolden the West to take a firmer stand against his demands in other fields.

Policy Toward the West

9. Apart from these concerns of domestic development and bloc rivalry, the Soviets are also moving to exploit the opportunities of the present moment in the Western camp. Divisions have been widening between France and the Anglo-Saxon powers, and Adenauer's imminent departure has opened new prospects in Germany. The agreement on nuclear testing is particularly appropriate as the initial move in a more active European diplomacy; not only does it engage the sensitive and unresolved issue of nuclear policy in the NATO alliance, but it also opens all the Western differences related to questions of European security.

10. This development in the Western alliance comes at a time when the Soviets are keenly aware, in the wake of the Cuban missile crisis, that a renewal of pressure tactics offers little promise for immediate gains and probably higher risks than ever before. On grounds of both prudence and opportunity, therefore, the tactics of detente, neglected since the Camp David period, probably seem indicated.

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11. The primary objective of present Soviet tactics in Europe is, as always, Germany. Here the USSR wishes not only to stabilize the position of East Germany (and, by extension, of Eastern Europe) but to destabilize the situation in West Germany by persuading Bonn that its present allies have forsaken their commitment to uphold the goal of reunification. Thus nearly all the Soviet proposals for the "next" agreements after a test ban are designed to extract Western acceptance of the GDR.

12. The non-aggression pact clearly pursues this aim, as does the proposal for limits on foreign forces in East and West Germany. The offer of an exchange of military missions between Soviet and NATO forces in the two Germanies works in the same direction; these missions already exist, and the Soviet proposal is merely designed to put them on a new basis which will extinguish their connection with the postwar occupation agreements based on the concept of eventual reunification. The Soviets have not yet spelled out details of their suggestion for control posts to inhibit surprise attack, but when they do it is very likely that the two Germanies will be included in the scheme as another means of freezing the present division.

13. The more recognition the Soviets can obtain for this division, the more success they would expect in their campaign to draw West Germany away from its close connections to the West. The inducements of trade are to be the main incentive in this effort, and Soviet propagandists are now laboring to impart a magic to the word "Rapallo." Khrushchev is probably encouraged by evidences of West German industry's desire for Eastern markets, by Bonn's moves to establish trade missions in Eastern Europe, and by the coming withdrawal of Adenauer. His constant complaints against the restrictive US attitude toward trade with the USSR reflect, we believe, not so much a desire for greater exchanges with the Americans but rather an effort to break down the network of Western restraints which reinforce Bonn's hitherto negative attitude.

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14. An additional factor in Soviet calculations is nuclear proliferation, which to Moscow means primarily the danger of a West German atomic capability. It seems certain that the USSR does not expect the partial test ban, or even a comprehensive one, to deter either France or Communist China from becoming a nuclear power. But it probably does see the present agreement, and the hopes for detente which it is meant to generate, as raising further obstacles against the various ways by which the Germans might move toward a nuclear capability--an independent effort, cooperation with the French, or participation in a multilateral force.

15. Khrushchev must calculate that, even if he cannot make tangible advances toward these objectives, he can in the very process lay substantial strains on relations within NATO. Broadly speaking, he can continually pose to Germany's allies an apparent choice between accommodating West Germany's concerns at the expense of detente or sacrificing these concerns to the prospect of a permanent stabilization of Europe and a thawing of the cold war. In this way he expects, at a minimum, to fray US and UK patience with Germany and to generate new doubts in the Federal Republic.

Tactics in the Present Phase

16. For the present, then, Soviet policy seeks to sustain an atmosphere of relaxed tensions in East-West relations. In the process, the USSR will propose a variety of limited agreements, probably involving tactical variations on previous Soviet positions. But Khrushchev wishes to focus the negotiating process primarily on Europe, and even here he probably does not contemplate significant Soviet concessions to Western views.

17. At Geneva, he will probably concentrate on partial disarmament plans and declaratory agreements of the type which he has recently set forth, but he will also employ East-West forums to try to bring such issues as the non-aggression pact to fruition. We expect him at some point to make a direct overture to Adenauer's successor. Throughout, he will play upon the fears that Western refusal to grant concessions will endanger the mood of detente. And since his tactics depend greatly on precisely this

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mood, he will probably find an early occasion to propose a summit meeting, calculating that he could put the resulting Chinese outcry to use in his campaign to isolate Peiping.

18. It is too early, however, to predict with confidence whether the Soviets would be willing at some point to pay any important price to deepen and prolong the new phase which they have set in motion. The preceding analysis indicates no reduction of their aspirations in regard to Germany, but rather an intention to pursue them in a different way. They have recently restated their aims to consolidate the GDR's position in full equality with the Federal Republic and to terminate the special Western position in Berlin in favor of a neutralized city. If asked to make concessions, such as new guarantees for Berlin, in order to sustain detente, we think that they would probably refuse.

19. If the German question proves as intractable as ever, the Soviets could terminate the present phase; indeed, Ulbricht has recently taken pains to remind the West of its vulnerability to harassments in Berlin and on the access routes. We think it more likely, however, that the Soviets will maneuver to avoid a clear-cut early stalemate. Balked in one field, they would probably seek some other area of discussion to sustain the atmosphere of relaxation. They might, for example, move to develop some new perspective in the disarmament field, perhaps by conveying a readiness to take up De Gaulle's proposal to be host for a new conference. In this connection, it is worth noting that China has reacted to the nuclear test-ban agreement by taking over the Soviet position as an exponent of radical disarmament, a development which may help to keep Soviet disarmament policy focused on limited measures.

20. Our view that the Soviets intend to sustain a period of relaxed tensions even in the absence of tangible agreements rests to a great extent upon our belief that Khrushchev has been required by the exigencies of his present situation to create a more amiable relationship with the West. To this extent, he is inhibited from reverting to high-risk policies or even to more menacing atmospherics. We believe that his economic policies and his decision to meet Peiping head-on give him a vested interest in

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perpetuating for some time the impression that a new era in East-West relations has begun. Some support for this view can be derived from Soviet treatment of the non-aggression pact; whereas Gromyko evidently worked hard to secure a commitment on this from the US and UK negotiators, subsequent Soviet propaganda has listed it as the most desirable next step but has not implied that detente would collapse without it. It would be characteristic of Khrushchev to enter upon a new phase of policy with great optimism but without any clear idea of how much tangible success was necessary to justify continuing the new line. It would also be characteristic of him to scale down his expectations only when repeatedly thwarted.

Some Contingencies

21. Western response to the ongoing detente campaign will therefore have an important bearing on how far Khrushchev is prepared to go. Though he is advancing old proposals, there will be a special incentive in the West to review them again because of the prospects opened up by the Sino-Soviet rift and the Soviet acceptance, without a concurrent and tangible quid pro quo, of Western terms for a partial test ban. On the other hand, Franco-German suspicions of Soviet intentions are already evident and are likely to be aggravated as Khrushchev presses proposals related to the division of Germany. If, at a later date, Khrushchev judges that his detente tactics have brought about a significant weakening of Western cohesion, but no actual concessions, he might think that some renewal of Berlin pressures would help him to cash in.

22. Outside the framework of European relations, there are two situations which could intrude on Khrushchev's calculations: Cuba and China. The more conciliatory line toward the US brings general Soviet policy into line with Khrushchev's efforts to damp down the Cuban situation in order to consolidate Castro's position. Agreement on this tactic was evidently one result of the Castro-Khrushchev discussions. But Castro is a third party to any East-West understanding, and he is capable of affecting it by his own independent actions. His 26 July speech, for example, constitutes a reservation of sorts on the extension of any Soviet-US negotiations to Cuba

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and Latin America, and in general the intensity of US-Cuban antagonisms makes unlikely any substantial and prolonged easing of tensions. Similarly, Khrushchev must fear that the US, even if it cooperates in cultivating a general detente, will exclude Cuba from this sphere and perhaps take some new vigorous action against it. If Cuba and the US become involved in rising tensions and new clashes, Khrushchev will be under great pressure to support Castro at the expense of his detente tactics with the US.

23. The Chinese, of course, are violently opposed to the new turn in Soviet policy. In a number of ways--an aggressive move in Laos, for example, or a new attack on India--the Chinese could demonstrate the limits of any international understanding reached without their participation. It is possible that the Chinese could generate in the international Communist movement enough disillusionment with Soviet policy to force Khrushchev into demonstrations of militancy and revolutionary zeal which would undercut his present line. We think this unlikely, however, because Khrushchev appears to have taken a definite decision to contest these criticisms verbally without altering his own policies.

24. A further contingency relates to internal Soviet politics. In our view, Soviet domestic and foreign policy have been more deeply intertwined in the months since Cuba than in any other period since Khrushchev attained power!

25. Events of the past six months suggest the existence of a conservative sentiment among some Soviet leaders who would have opted for a different line on economic questions and relations with the West or at least worked to oppose or dilute the line which Khrushchev is now espousing. Not only the allocation of resources, but questions of cultural policy, the extent of de-Stalinization, economic administration, and perhaps even relations with Yugoslavia appear to have been at issue in the presidium last winter. Khrushchev has told several Westerners that he had great difficulty in obtaining Kremlin agreement on his December offer of two or three on-site inspections for a comprehensive test ban, and implied that he had encountered reproaches when the US insisted on more. Since the incapacitation in

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April of Kozlov, who we suspect was a key figure among the conservatives, Soviet policy on all these issues has increasingly reflected Khrushchev's preferences. At any rate, in the aftermath of the Cuban crisis Khrushchev's policies seem to have been stymied, and this could have implications for the durability of the present phase of Soviet policy.

26. By this we do not mean that Khrushchev can be regarded as "soft" and his colleagues as "hard"; we continue to believe that Khrushchev probably was the main proponent of the Cuban missile deployment. What the evidence suggests is that Khrushchev has a more flexible outlook and a greater concern to keep Soviet policy in motion over a wide tactical range, while some (not all) of his colleagues incline more consistently toward internal discipline, heavy military spending, and a stance of greater hostility toward the West. If this is so, it means that some future development in the political leadership could undermine the current line of Soviet foreign policy, especially if it fails to deliver the benefits anticipated. In any case, following Khrushchev's departure there may be intense debate over these matters.

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